Mr. M. Sivarama Menon *(Advocate-General)*: I second it.

Motion put and carried

Clauses 2 to 9 put and carried

Clause 1 and Title and Preamble put and carried

Mr. K. S. Raghavan *(Secretary to Government)*: With the permission of the House I request that this Bill may be taken up to-morrow and finally passed.

Motion put and carried

NON-OFFICIAL RESOLUTIONS

RESOLUTION NO. 1

Abrogation of Proclamation II of 1120

Mr. Paramel Ipe Ipe *(Kunnamkulam)*: The resolution standing in my name reads thus:

"This Council recommends to the Government to abrogate the Proclamation II of 1120 so far as it relates to betel-nuts."

Now there is an alternative resolution tabled by me, namely resolution No. 27 which reads as follows:

"This Council recommends to the Government the total remission of tax over lands under arecanut cultivation so long as the Proclamation II of 1120 stands". As this is an alternative resolution with resolution No. 1, I request that both resolution No. 1 and resolution No. 27 may be moved together.

Mr. Deputy President: I think it is safer to move the resolutions separately.

*Mr. Paramel Ipe Ipe** *(Kunnamkulam)*: Then I would move the first resolution. Before going into the merits of the resolution I would just state the history of the resolution. On the 27th day of Chingam 1120 corresponding to the 11th day of September 1944 a Proclamation was promulgated under His Highness the Maharaja's prerogative powers. Now the reason for this legislation is that Government had an idea to enhance the revenue of our State by imposing a tax on agricultural products. A similar excise duty was imposed in British India on coffee and tea with effect from first April 1944, and a communication was issued from the Government of India to our Government to the effect that unless our State also in consonance with the legislation in British India enact a similar legislation of excise duty on bettle nut, they will impose an "import duty" when these produces are exported by agriculturists to British India on the borders of Cochin State. Naturally our Government was constrained to promulgate Proclamation II of 1120. There is a reason underlying in promulgating such a Proclamation because on a survey of the statistics it was found that out of the total produce nearly 90 percent of the bettle nut is found to be exported to British India. And so unless our Government also takes into their head to promulgate a Proclamation whereby an excise duty is imposed on bettle nut the "import duty" imposed will go to the coffers of the British Government and no rebates will be given under the ruling system under a particular formula. Now that was the reason that made the Government to pass such a legislation.

Before going further I would just place before the House a historical survey of the arecanut cultivation in Cochin State. In the first place with a photographical survey, it will be found that these arecanuts or 95 per cent of them are situated near paddy fields. It has got some importance. What I say is that in the olden days these paddy fields were made by paddy cultivators, by the labour and capital of our fore-fathers. After cultivating paddy in the paddy cultivable area, the remaining portion of the property was found to be not fit for any other cultivation. There was scarcity of water. It was not fit for any important cultivation, nor was it very fertile or possible to have any of the agricultural cultivation there. In that case the only alternative left for our fore-fathers is to take to arecanut cultivation. The reason is that for making a proper survey of the properties that are intended to include for arecanut cultivation it is to be looked into whether they are of a very fertile nature or there is any other possibility to include it for any other duty. As we all know every land-holder as a matter of fact will have to keep a certain amount of labourers with him and the system is not to pay wages as one does work but to give the wages

*Speech not corrected by the Hon'ble Member

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regularly whether there is labour or not. Generally it is paid in kind, that is to say, one edangazhi of paddy to the males and two nazhis of paddy for the females. After the paddy cultivation there is no other agricultural occupation which can give work for these labourers. At that time also these labourers had to be paid. That was the reason why our grand-fathers took to arecanut cultivation, not because that they were under the impression that they would get a profitable return after meeting all these expenditure. It was under these circumstances they took to arecanut cultivation. Even in those ancient days in our State, I am sorry to know, there was no statistics collected regar ding the profit and loss of arecanut cultivation. In Mysore, the Agricultural Director, Mr. Balmont has prepared a statistics under the arecanut cultivation and according to him also this is not a profitable cultivation even in Mysore. According to that report one acre of land to be cultivated with arecanut will cost nearly Rs. 3,000 That is really to attain the bearing state. After it comes to the bearing state, the amount required annually will be Rs. 172. Now the income from this property according to that report is Rs. 180. So the total income that an arecanut cultivator will get from an acre of arecanut cultivation is Rs. 8 only. This Rs. 8 is to cover the interest on this Rs. 3,000 and the maintenance expenses that is to be invested over this property every year. Now it will be seen even during the pre-war days when this report was submitted, it was admitted to be an agricultural cultivation which is not at all profitable. Under these circumstances we are yet to consider what was the course of the culivation and what is the history of the cultivation ever since it has been taken up by our fore-fathers. The past history of arecanut shows that during the time when the bearing stage is reached a sort of pest commonly called as "mahali" attack them and destroys them. What we find from experience is that we cultivate it, we water it, we spend for it every year and when the time comes to take the crop we find the pest totally destroying the produce. It is a matter of common experience that many people who were originally rich were ruined because of this pest. In addition to these we have to face a sad event that our Government did not even raise a little finger just to see whether anything can be done towards these cultivators. On the other hand, we see in other cases, it may be said that bettle nut cannot be considered on a par with coffee and tea. In regard to coffee and tea during pre-war days when the price went down to such a very low level they wereprofitable. We find that the Government subsidising tea and coffee cultivators; but the same help not being extended to the arecanut cultivators.

Then further we find another important event, in this matter. Now let us take the rubber cultivation. There was a time when the rubber estates were abandoned by its owners and then they were going away from the State., At that time a Bill was introduced by the Government and it was enacted restricting the cultivation of rubber. It was not only restricted, but even those people who have invested their capital were not allowed to take the rubber. There was a great injustice done to these people. I would say when the Bill was introduced there may be so many who took to rubber cultivation at the same time rubber has not grown up to the mature state for tapping. Even at that time no quota was allowed to these cultivators. Like rubber, coffee and tea, Government have not taken a keen interest to safeguard the interests of these cultivators. But on the other hand these arecanut cultivators are left to the tender mercy of the Government without doing anything for the markets of these hard cultivators with whom it was only a mania for work and not the idea to gain from that. Now the total number of arecanut cultivated area in our State is 23,115 acres. It produces annually 6,250 tons or 10,30,450 lbs. and the excise duty on this total produce will be seventeen and odd lakhs of rupees. Nearly 25,000 families are engaged in this industry. Out of the population of 14 lakhs this 25 thousand families entirely dependent upon this arecanut cultivation have to pay this excise duty of nearly 17 and odd lakhs of rupees simply on the ground that a foreign Government happened to impose there an excise duty. Under these circumstances I ask this House whether on any other ground can we justify this imposition of taxation. The question is whether the expediency can be a justification to disregard the interests or rather the basis of interest of these poor cultivators in trying to eke out a livelihood by having this arecanut cultivation. I would submit that it is no justification for imposing this excise duty on arecanut cultivation. Now regarding the nature of the excise duty we are to see how far this betel nut is a commodity which can be considered for imposing an excisable duty. There are many views in the matter. That being an agricultural produce and being the safeguard of the interests of the people you have to impose an excise duty. Unless it is an organised industry with sufficient safeguard for the producer to pass over this to the consumer on that ground we can find that this is not an excisable commodity. We are to lose nearly 6 lakhs of rupees if we keep this Proclamation. Now how far it is justifiable to retain this Proclamation and to continue imposing this duty. What is the immediate benefit for the actual cultivator.

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Mr. C. J. Mathew *(Secretary to Government):* How much do you lose?

Mr. Paramel Iype Iype *(Kunnamkulam):* Roughly 6 lakhs. If this Proclamation is abrogated this 6 lakhs of rupees will come to the coffers of our State.

Then another aspect is even when this imposition of excise duty was thought of at the instance of the Central Government our Government was not prepared to take the matter to the opinion of this House whether we should impose this duty, according to the direction of the British Government. I understand that this duty was imposed on first April 1044 in British India. Nearly 4 or 5 months there was time before this Proclamation was promulgated. I ask you where was the difficulty for the first event to place this question before this House and get the opinion of the elected Members of this House. This Proclamation was promulgated at the instance of the Government itself with all the responsibilities taken on the Government itself. Coffee and tea are cultivation that are carried on by big capitalists and it is a large scale cultivation carried on an estate basis.

Then another aspect. Is it not a taxation at the instance of the foreign Government? It would seem an excise duty. I would say in virtue it is a duty rather a revenue imposed upon land and land itself. According to the Proclamation those facilities under the Proclamation will stand in the way of the Government in going away from their promise. I am not going to raise the question upon that point. The British Government asked the Cochin Government that unless the Cochin Government is prepared to act in consonance with the British Government in imposing on arecanut they are going to impose an "import duty". At this instance we were not informed to say our opinion to their request of imposing the duty. That duty being imposed, I would say that there is no power applied in any of the Statute Books which lays down that a Government can impose a duty without seeking for the opinion of the elected Members of the legislature. So the justification is the same that has been rather too silly to be put forward, and this is a duty that has been imposed at the instance of the British Government.

Then regarding the mode in which these duties have been attempted to be collected. Now we find this Proclamation II of 1120 promulgated on the 11th day of September 1944 corresponding to Chingam 27, 1120, under sub-clause 3 of section 1 it ought to have come into force on the 31st day of March 1944. Now this Proclamation has been in force in the State only in Chingam. That is after the main season for the cultivation is over. This gives a retrospective effect so long as the period between the first of April 1944 till the 11th day of September 1944 this duty is to be levied without imposition or rather it gives a retrospective effect on this fiscal legislation. That means another great loss not only to the cultivator but also to the trader. It covers the period during which this excise duty is imposed during this season, during which the betel nut is cultivated. I invite the attention of the Government to the definition of the word curing. I would submit that this is so wide that even the plucking of the arecanuts will come under the word curing. Thus it would appear that even for plucking there will be a duty to be paid. Then again.....

Mr. Deputy President: The Hon'ble Member has exceeded his time already.

Mr. Paramel Iype Iype *(Kunnamkulam):* I require 2 minutes more. Then again the proposed form of levying this tax is too harassing and that it is not even possible for an ordinary man to carry on this cultivation. The mode of levying and the way in which the cultivation has been treated by the Government are not justified for the imposition of these duties. So I would recommend to all the sections of this House that this Proclamation may be abrogated as early as possible.

Mr. K. Balakrishna Menon *(Cheruthuruthi):* Sir, the problem is really one of difficulty to secure a fair price for arecanut, whether it be for the grower, or for the middle man or for the manufacturer. And in my opinion this is not so much the result of the Proclamation, or the imposition of the duty thereunder as of the general economic condition of the people. Take for instance the case of the grower himself. Barring those few, who own vast acres of arecanut gardens, you will find invariably the grower is a poor agriculturist who looks up to the rice cultivation for tiding over the major part of the year and to the nuts for the remaining part. Medam, Edavam and Mithunam are the most difficult months for the average man in Malabar and Cochin and the nut on the tree is his only hope during this period. But unfortunately the nut on the tree becomes ripe for plucking only in the latter part of Mithunam. How is it possible to carry on till this part of the month? Other things remaining the same, he finds it very difficult to make both the ends meet. What would be his position if death or disease or birth were to intervene? Then my submission is that borrowing becomes a necessity. Now, Sir, he approaches

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the nearest money lender; and this money lender is a man who is there not to do charity but to make money, more money and still more money. And I believe there is no method which is objectionable to him. He places two alternatives before the grower. Either sell the arecanut then and there for a price to be dictated by him or undertake to pay the money at a rate of interest which will shock our conscience. Now, Sir, in our place it is known as Chandavattam ചന്ദവട്ടം (interest). The rate of interest ranges from one anna to 4 annas a rupee per day. You can now more or less visualise the plight of the poor grower. If he chooses the better he has to sell the nuts to the first man who comes to buy. He cannot wait to see if a better prices could be had as he has to pay the creditor in strict terms of the contract. Therefore the arecanut is sold in terms dictated by the so called middle men. And who is this middle man? You will find again that this middle man is none but the Agent of the manufacturer. Or he is himself a small business man with borrowed money at the same rate of interest. If the money is not paid at the proper time again there is the creditor at his doors for him to answer. That is to say there will be a suit and an attachment before judgment and he has to pay not only the money that he has borrowed but also the usurious interest and the cost of litigation. So you see it is not so much the forces of the economic principles of supply and demand of the market which fix the price of these articles both for the grower and the middle man as his sheer necessity, and poor economic condition. My suggestion is to remedy this evil, there is only one way; and that is to bring into existence more co-operative credit societies and many more marketting co-operative societies and thereby eliminate the Village money lender and the middle man. And if an approach to this problem is made on this line I am sure it would not matter even if the grower or the middle man or the manufacturer were to pay a certain percentage of the profit to the less fortunate brotheren of theirs by way of duty or otherwise. But these societies will have to work efficiently and well. I am sorry, the Hon'ble Minister is not here, as I now propose to sound a note of warning to him. The Co-operative Department, is the only department through which this suggestion of mine can be worked out. It is now functioning more as a priest at the funeral obsequies of dead co-operative Societies. The Minister is to find the right man for the right place who will tackle this problem. I am told on reliable authority that there is a Bill for constituting an Arecanut Board prepared by the Co-operative Registrar which I believe will be placed be before the House. If you do not choose the right man to work it out this scheme also will have to go the way of the Chalakkudi Tanneries and Hill paddy Schemes. Then the Minister himself will have to say the mass over its burial.

Mr. K. T. Achyuthan *(Mukundapuram-Ehzuvas):* Sir, On a point of information, is there any chance of introducing the new scheme during this session.

Mr. C. J. Mathew *(Secretary to Government):* No.

Mr. Paramel Ipe Ipe *(Kunnamkulam):* May I know whether the Hon'ble Member is supporting or opposing?

Mr. K. Balakrishna Menon *(Cheruthuruthi):* You can see it later when voting, comes. I am only discussing.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* The Government spokesman has stated that the Financial Secretary of the Government of India had promised in the Central Assembly that this should be undertaken and looked into, and the report of the Central Government is awaited. May I know, Sir, whether that report is received.

Mr. C. J. Mathew *(Secretary to Government):* We have not yet got the report. We have not yet received any information from the Government of India.

Mr. P. Kumaran Ezhthassan *(Vadakkancheri):* May I know, Sir, the activities of our Government with regard to the facilities of transport?

Mr. C. J. Mathew *(Secretary to Government):* I understand that in two months all the restrictions would be lifted.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* May I know whether anything has been done by the Government subsequent to that promise?

Mr. C. J. Mathew *(Secretary to Government):* We have been writing to get priority for consignments. But we have not succeeded.

Rao Sahib K. Ayyappan *(Kanayannur-Ezhuvas):* What was the report of the Government of India man?

Mr. C. J. Mathew *(Secretary to Government):* He has not made any report.

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Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Mr. Greenwood of the Central Government had been here and promised something will be done. What is the outcome of that promise?

Mr. C. J. Mathew *(Secretary to Government):* We are still awaiting the outcome of that report.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* May I ask for one more information? Have the Government been pleased to do anything to expedite to get something from the other side?

Mr. C. J. Mathew *(Secretary to Government):* Certainly.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Can we speak after the Government? After knowing the Government position in a nutshell we can adjust our needs. It would be very helpful. There is no need of wasting labour. Then after knowing the attitude of the Government we can reinforce our arguments.

Mr. Deputy President: Such information as is necessary can be got from the Government. But you cannot speak after the final reply of the Government.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Will the Government be pleased, Sir, to give an interim reply?

Mr. Deputy President: No interim reply can be given.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Sir, the resolution moved by my Hon'ble friend from the Arecanut area of Kunnamkulam is one which has driven away most of the members of this House, inclusive of the opposition in this House which according to their pretentions live for more food, improved food and to get all sorts of amenities not to them but to the people of the State. Now. Sir, to subject.

It is a proposition which should be considered by our Government not in a step-motherly attitude that has been assumed by them thus far. When this question came up for discussion in July last the Government spokesman, the then Joint Secretary to Government who has developed into Secretary to Government (Laughter) stated categorically as follows.—

"There was a report from the Imperial Government. There was no data supplied. It was considered that the incidence of taxation should be upon the consumer. This incidence unfortunately fell upon the Grower."

The information that Cochin is going to tax the Arecanut Grower having leaked out—no credit to the Secretariat, Sir,—The Secretariat has gone down, precipitously down—This is my own paraphrase of your own words, Sir. Then it was said, Sir, that they were awaiting the decision of a report, of a promised report of the Central Government. When I intervened in the debate then and when I was probing the subject in a peculiar way I got the information from the members of the Department, he was rather surprised at my line of approach and he was saying that the Member of the Central Government is visiting Cochin and representations could be made to him. That is a fact known to the present Secretary to Government. Two hours we discussed. Convincing arguments were advanced. At the end of every arguments we were told to organise, to see that you strengthen your hands' and see that the incidence of taxation falls upon the consumer and not upon the grower. All those are matters that took place in the Guest House. That was on the 1st day of Chingam. We are now here after a lapse of 6 months, this day. What has come up out of it. Nothing. (Laughter. Laughter.) What has been done by our Government to expedite the process? Nothing; Know that the attitude is step-motherly. Can I use a milder word than that, Sir, to describe the attitude of our own Government?

Mr. K. Balakrishna Menon *(Cheruthuruthi):* You do not expect an answer from them.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Yes. I do. I have got the answer for silence is consent, Sir. This question concerns a vast majority of the people of this country. This is something which you have to tackle in a manner different from the one in which you are now engaged in. It was stated that this taxation however invidious, is going to last only for the duration of the war and one year after. We are now satisfied that the matter was only a ruse to get out of a tangle. Just when a member of the House put a query, 'on whose authority is the statement made', the Secretary stated that it is going to last only for the duration of the war and one near after. Later on I was told by the Hon'ble Secretary to Government

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to recollect the difficulty attached to the question. At any rate, the fact is, Sir, that the Act is not going to be removed for the simple reason that when once the tax is imposed, it is human nature, to see that Act is continued. And again especially when the misery of that tax is falling upon the poor only the luxurious cannot take any steps to have it removed. Unless, of course a Nationalised Government be installed in Delhi, well, we are to take that Act is going to be there for all time. When such a Government comes that moment the tax will go. I am not here to say that the Prolamation be abrogated and then sit down. No It is our interest. There is no sense of abrogation of the Proclamation by this legislature. The Government have to move and if the Government continue to do, as they do now, there is no possibility for us to have the Proclamation abrogated. Are you going to do that, which has been stated in your statement the other day? We thought that because of the threat that 90 per cent of the import duty is going out of the State and if you do not tax our people the Government of Cochin in their wisdom advises themselves to join in a scheme and impose taxation here with the promise of the Imperial Government that you will get a rebate. If you will however be going into the question of the population of each of the Provinces and States that have joined pool and the acreage of arecanut cultivation in all these areas and if you take into consideration the acreage mentioned by the Hon'ble friend when compared to other Provinces and States which has joined the Pool including Travancore, by process of ordinary arithmetical calculation you will be uble to understand, Sir, we are collecting a large amount and giving it into the hands of the Imperial Government a very large amount. What you are going to get back is mighty little, Sir. Your excuse and only excuse was to get the rebate. Now when you are made to understand the rebate is not going to be anything big and that it is going to be very little what is the meaning of your continuing the tax? Because of the population of that Country (Travancore) they are going to get much more than our country. Their acreage is much less than ours. Their imposition of tax is less than ours. I am only comparing our Neighbour State with ours. And with all that without investment just as in the case of the Port they are enjoying at your expense and the expense of others like us.

Mr. C. J. Mathew *(Secretary to Government):* May I know in what way we are in a position to improve ourselves if we do not take this.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* When the result of your joining the scheme is admitted by you is mighty little where is the fear.....

Mr. C. J. Mathew *(Secretary to Government):* How are we going to benefit by not joining the scheme?

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* I will tell you, Sir.

Mr. C. J. Mathew *(Secretary to Government):* If we do not impose the tax, then what is the position you visualise?

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* I shall make your eyes open, Sir. As far as in the shape of tax.

Mr. C. J. Mathew *(Secretary to Government):* They have to pay everything.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Not paying is equal to paying. If there is tax they have to pay here. If there is no tax they have not to pay.

Mr. K. Balakrishna Menon *(Cheruthuruthi):* But it will shift to the surplus here.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* If you are not prepared to clarify, now one volume of arecanut is taken to the market. Suppose Rs. 20 is given after deducting the duty of 4 annas. Because of your rates what he gets is the current price minus the enhabited duty. That is what he gets.

Mr. C. J. Mathew *(Secretary to Government):* The only question is what will be current price. It will be Rs. 15.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* If there is tax the current price Rs. 20. I will get it.

Mr. C. J. Mathew *(Secretary to Government):* No, No.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* I am speaking with experience. He must get it. The consumer in British area to which 90 per cent of our arecanut goes will have to pay this. Similarly there is the purchaser. He is a merchant. There is one beautiful process in being agreeable to him.

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Mr. K. Balakrishna Menon *(Cheruthuruthi):* That is only a transfer.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* There are other methods. If I do not agree to sell for the reduced price for the purpose of argument I shall have it for a few years.

Mr. C. J. Mathew *(Secretary to Government):* Who told you ?

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* I tell it to you (Laughter).

Mr. K. Balakrishna Menon *(Cheruthuruthi):* If you do not sell you waste.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* Let me allow to expand. You can say that I am not going to sell. But he is not going to leave you without taking the stock from you. Because on the appointed day when the market is fixed he has to go there with the commodity. Therefore the commodity you refuse to sell is kept for the night. He comes to your doors. He purchases your commodity at your dictation.

Mr. B. V. K. Menon *(Chief Secretary to Government):* Then why not make it 25.

Mr. P. Kumaran Ezhuthassan *(Vadakkancheri):* I will say. Ask them to work out later. Because your brains refuse to work it out.

The House rose for the day at 5 p.m.

N. S. RADHAKRISHNA SARMA
Secretary to the Council

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